

COMPANY RESULTS

Mapletree Industrial Trust (MINT SP)

2QFY25: Generating Positive Reversions And Stable Occupancies

MINT continues to generate steady DPU growth of 1.5% in 2QFY25. It registered average rental revision of 10.7% for its Singapore portfolio (hi-tech: 7.6%, flatted factories: 13% and stack-up/ramp-up: 10.9%). Occupancy for North American Portfolio improved 3.1ppt qoq to 90.9% due to a new lease with Vanderbilt University Medical Center at Brentwood, Tennessee. MINT provides a FY26 distribution yield of 5.9% (DCREIT: 6.4% and KDCREIT: 4.4%). Maintain BUY. Target price: S\$3.05.

2QFY25 RESULTS

Year to 31 Mar (\$m)	2Q FY25	yoy % chg	Remarks
Gross Revenue	181.4	+4.2	Growth from broad-based positive rental reversion in Singapore and
Net Property Income (NPI)	134.5	+4.6	acquisition of Osaka data centre.
Distributable income	95.8	+1.9	Interest expense increased 3.0% yoy.
DPU (S cent)	3.37	+1.5	Number of units increased 0.4% yoy.

Source: MINT, UOB Kay Hian

RESULTS

- Mapletree Industrial Trust (MINT) reported DPU of 3.37 S cents for 2QFY25 (+1.5% yoy), which is in line with our expectations.
- Broad-based growth across various asset types.** Gross revenue and NPI increased 4.2% and 4.6% yoy respectively in 2QFY25, driven by the acquisition of a data centre in Osaka (completion: 28 Sep 23) and higher rents for new leases and renewals across various asset types. Borrowing costs increased by 3% yoy. Distribution from JVs declined 15.5% due to higher borrowing costs as hedges are replaced at higher interest rates.
- Commenced new lease with Vanderbilt University Medical Center.** Occupancy for its Singapore portfolio was stable at 93.7% (hi-tech: 89.3%, business park: 80.6%, flatted factories: 97.7% and stack-up/ramp-up buildings: 98.2%). Committed occupancy at Mapletree Hi-Tech Park improved 1.0ppt qoq to 54.5% in 2QFY25. Occupancy for North American Portfolio improved 3.1ppt qoq to 90.9% due to the commencement of a new lease with Vanderbilt University Medical Center at 402 Franklin Road, Brentwood. The average rental rate of the North American portfolio was US\$2.48psf per month in 2QFY25.
- Achieved healthy positive reversion in Singapore.** MINT achieved average rental revision of 10.7% for its Singapore portfolio in 2QFY25 (hi-tech: 7.6%, flatted factories: 13% and stack-up/ramp-up: 10.9%). The average rental rate of the Singapore portfolio increased 3.2% yoy to S\$2.26psf per month in 2QFY25.
- Cost of debt has peaked.** Aggregate leverage was healthy at 39.1% as of Sep 24. Adjusted interest coverage ratio was resilient at 4.3x. About 80% of its borrowings are hedged to fixed interest rates. Average cost of debt was stable at 3.2% in 2QFY25. Management expects cost of debt to maintain below 3.3%.

KEY FINANCIALS

Year to 31 Mar (\$m)	2023	2024	2025F	2026F	2027F
Net turnover	685	697	729	751	766
EBITDA	451	455	474	490	501
Operating profit	451	455	474	490	501
Net profit (rep./act.)	282	111	383	396	408
Net profit (adj.)	388	318	383	396	408
EPU (S\$ cent)	14.4	11.3	13.5	13.9	14.4
DPU (S\$ cent)	13.6	13.4	13.6	14.1	14.5
PE (x)	16.7	21.2	17.8	17.2	16.7
P/B (x)	1.3	1.4	1.4	1.4	1.4
DPU Yld (%)	5.7	5.6	5.7	5.9	6.0
Net margin (%)	41.1	15.9	52.5	52.7	53.3
Net debt/(cash) to equity (%)	47.6	54.5	57.2	57.4	57.7
Interest cover (x)	4.6	4.5	4.6	4.7	4.7
ROE (%)	5.3	2.1	7.2	7.5	7.7
Consensus DPU (S\$ cent)	-	-	13.5	13.7	14.0
UOBKH/Consensus (x)	-	-	1.01	1.03	1.04

Source: Mapletree Industrial Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$2.40
Target Price	S\$3.05
Upside	+27.1%

COMPANY DESCRIPTION

MINT invests in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MINT SP
Shares issued (m):	2,843.6
Market cap (S\$m):	6,824.6
Market cap (US\$m):	5,160.4
3-mth avg daily t'over (US\$m):	11.6

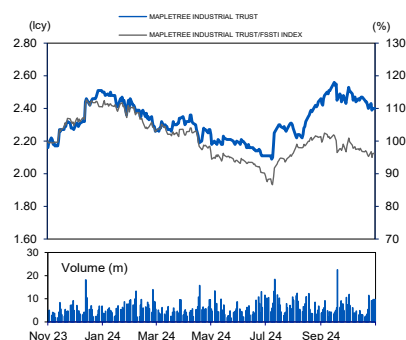
Price Performance (%)

52-week high/low	S\$2.59/S\$2.09			
1mth	3mth	6mth	1yr	YTD
(3.2)	3.9	6.7	12.1	(4.4)

Major Shareholders

Temasek Hldgs	27.0%
FY25 NAV/Share (S\$)	1.76
FY25 Net Debt/Share (S\$)	1.07

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **Deploying DRP for capital management.** MINT retained cash of S\$16.6m from the distribution reinvestment plan (DRP) for 1QFY25, which was utilised to pare down loans. The take-up rate for the DRP was 17.7%.

STOCK IMPACT

- **Staying focused on data centres.** MINT intends to diversify into established data centre markets in Asia Pacific (Hong Kong, Japan and South Korea) and Europe (London, Dublin, Frankfurt, Amsterdam and Paris) to reduce concentration risk. Management plans to increase scale and deepen its presence in Japan. Data centres in Japan provide positive yield spread and funding in Japanese yen would reduce its cost of debt.
- **Continuing to enlarge scale in Japan.** MINT has completed the acquisition of an effective interest of 98.47% in a mixed-use facility in West Tokyo, Japan for ¥14.5b (S\$129.8m) on 29 Oct 24. The mixed-use facility comprises: a) a data centre (28%), b) back office and training facilities (48%), and c) an adjacent accommodation wing (24%). MINT's exposure to Japan has increased from 5% to 6% of AUM.
- **West Tokyo is a key data centre hub within Greater Tokyo.** The property sits on a 91,200sf freehold site within a network-dense location at Tama-shi, West Tokyo and has a gross floor area (GFA) of 319,300sf. West Tokyo is a key data centre cluster, which accounted for 40% of total live IT supply in the Greater Tokyo market.
- **Potential to enhance yield through redevelopment.** The property is fully leased to an established Japanese conglomerate with weighted average lease expiry (WALE) of five years. The mixed-use facility provides an NPI yield of 4%. The property has the potential to be redeveloped into a multi-storey core & shell data centre with capacity for 30-40MW of IT workload at a cost of S\$200m-300m. The redevelopment could provide an uplift of 30-40% to returns, thus enhancing yield on cost to 5.5-6.0%.

EARNINGS REVISION/RISK

- We maintain our existing DPU forecast.

VALUATION/RECOMMENDATION

- **Maintain BUY.** Our target price of S\$3.05 is based on DDM (cost of equity: 6.75%, terminal growth: 2.2%).

SHARE PRICE CATALYST

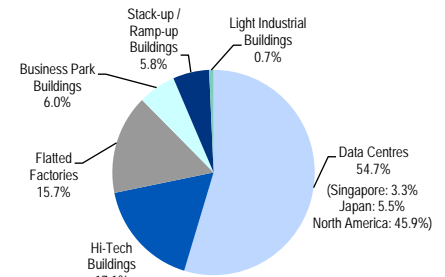
- Growth from data centres located in Singapore, Japan and the US.
- Acquisition of the remaining 50% stake in portfolio of 13 data centres (second JV) from sponsor Mapletree Investments.
- Redeveloping flatted factories into hi-tech industrial parks in Singapore.

KEY OPERATING METRICS

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	yoy % Chg	qoq %
DPU (S cents)	3.32	3.36	3.36	3.43	3.37	1.5%	-1.7%
Occupancy	93.2%	92.6%	91.4%	91.9%	92.9%	-0.3ppt	1ppt
Aggregate Leverage	37.9%	38.6%	38.7%	39.1%	39.1%	1.2ppt	0ppt
Average Cost of Debt	3.2%	3.1%	3.1%	3.2%	3.2%	0ppt	0ppt
% Borrowings in Fixed Rates	79.2%	79.5%	84.6%	82.1%	80.4%	1.2ppt	-1.7ppt
WALE by Gross Rental (years)	4.2	4.4	4.4	4.6	4.4	0.2yrs	-0.2yrs
Average Debt Maturity (years)	3.3	3.4	3.8	3.6	3.4	0.1yrs	-0.2yrs
Passing Rents (S\$psf pm)	2.19	2.21	2.22	2.26	2.26	3.2%	0.0%
Tenant Retention	83.2%	87.3%	80.1%	70.7%	73.2%	-10ppt	2.5ppt

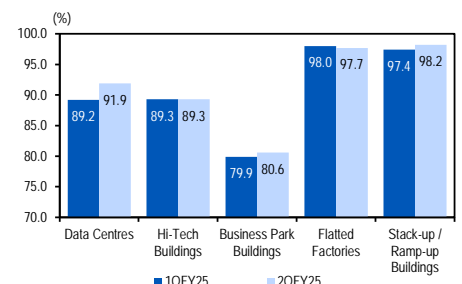
Source: MINT, UOB Kay Hian

PORTFOLIO VALUATION BY SEGMENTS



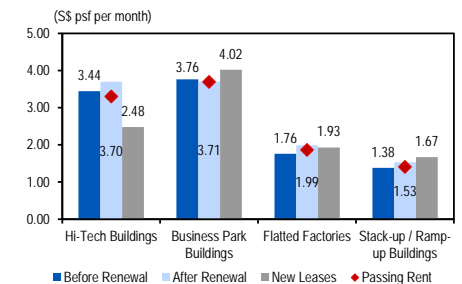
Source: MINT

SEGMENTAL OCCUPANCY RATES



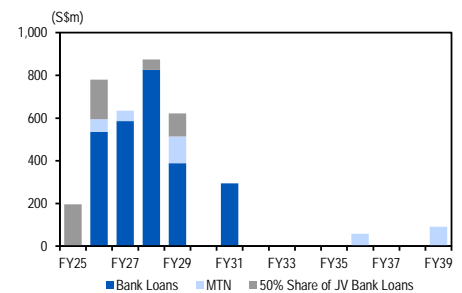
Source: MINT

RENTAL REVISIONS (SINGAPORE)



Source: MINT

DEBT MATURITY PROFILE



Source: MINT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	697.3	728.7	750.5	765.9
EBITDA	454.6	474.4	489.6	500.5
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	454.6	474.4	489.6	500.5
Total other non-operating income	(207.4)	0.0	0.0	0.0
Associate contributions	(8.7)	34.3	32.7	35.5
Net interest income/(expense)	(101.9)	(103.6)	(104.3)	(105.8)
Pre-tax profit	136.6	405.2	418.1	430.2
Tax	(16.0)	(12.8)	(12.8)	(12.8)
Minorities	(0.1)	0.0	0.0	0.0
Perpetual securities	(9.5)	(9.5)	(9.5)	(9.5)
Net profit	111.0	382.9	395.8	408.0
Net profit (adj.)	318.4	382.9	395.8	408.0

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	7,847.9	8,005.9	8,015.9	8,025.9
Other LT assets	652.8	653.6	654.4	655.2
Cash/ST investment	119.9	117.6	118.8	118.2
Other current assets	43.8	41.3	42.4	43.1
Total assets	8,664.4	8,818.4	8,831.4	8,842.3
ST debt	0.6	0.6	0.6	0.6
Other current liabilities	224.4	247.7	252.8	256.4
LT debt	3,002.5	3,140.0	3,150.0	3,160.0
Other LT liabilities	148.2	145.1	146.9	148.2
Shareholders' equity	5,286.4	5,282.6	5,278.8	5,274.9
Minority interest	2.3	2.3	2.3	2.3
Total liabilities & equity	8,664.4	8,818.4	8,831.4	8,842.3

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	432.8	488.1	481.4	491.1
Pre-tax profit	328.1	392.4	405.3	417.4
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	8.7	(34.3)	(32.7)	(35.5)
Working capital changes	(24.0)	25.9	4.0	2.8
Non-cash items	1.1	0.6	0.6	0.6
Other operating cashflows	118.9	103.6	104.3	105.8
Investing	(353.1)	(157.8)	(10.0)	(10.0)
Capex (growth)	(432.6)	(157.8)	(10.0)	(10.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	50.2	0.0	0.0	0.0
Others	29.3	0.0	0.0	0.0
Financing	(106.3)	(332.6)	(470.3)	(481.7)
Distribution to unitholders	(374.3)	(386.7)	(399.7)	(411.9)
Issue of shares	201.6	0.0	0.0	0.0
Proceeds from borrowings	183.9	137.5	10.0	10.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(117.6)	(83.5)	(80.6)	(79.9)
Net cash inflow (outflow)	(26.7)	(2.3)	1.2	(0.6)
Beginning cash & cash equivalent	146.6	119.9	117.6	118.8
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	119.9	117.6	118.8	118.2

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	65.2	65.1	65.2	65.4
Pre-tax margin	19.6	55.6	55.7	56.2
Net margin	15.9	52.5	52.7	53.3
ROA	1.3	4.4	4.5	4.6
ROE	2.1	7.2	7.5	7.7
Growth				
Turnover	1.8	4.5	3.0	2.0
EBITDA	0.9	4.4	3.2	2.2
Pre-tax profit	(56.6)	196.5	3.2	2.9
Net profit	(60.6)	244.9	3.4	3.1
Net profit (adj.)	(18.0)	20.2	3.4	3.1
EPU	(21.3)	19.4	3.3	3.0
Leverage				
Debt to total capital	36.2	37.3	37.4	37.5
Debt to equity	56.8	59.5	59.7	59.9
Net debt/(cash) to equity	54.5	57.2	57.4	57.7
Interest cover (x)	4.5	4.6	4.7	4.7

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